

The American Observer

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe

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Power Issue Debated Throughout Country

Question of Government Ownership Versus Private Control Again Under Discussion

PRESENT PROGRAM ASSAILED

Will TVA and Other New Deal Power Projects Lead to Socialization of Entire Industry?

For at least two decades, America has been confronted by what is known as the power issue. Although it has not been raised in the campaign which is now drawing to a close, it nevertheless lurks behind the scenes and is almost certain to come into the open soon after election day. For the issue has by no means been settled, despite the constant outpourings of oratory on the subject, the volumes and volumes that have been written to defend the various positions, and the legislative measures that have been enacted to cope with it. Although it has not been a campaign issue this year, interest in it has been increased among the high school students of the nation, for it has been chosen as the subject for the 1936-1937 debates in 37 different states.

The Power Issue

The power issue, stripped of all its technicalities, is simply this: Shall the government go into the business of generating, transmitting, and selling electricity from the vast water resources of the nation, or shall the business be left in the hands of the private electric utility companies? There are, to be sure, variations of this central theme. On the one hand, for example, we find that few intelligent people would take the extreme position that the private electric companies should be allowed to operate without regulation from some agency of government, national, state, or local. At the other extreme, we find only a limited number of persons who would have the government go all the way and take over all the instruments of power production, becoming a giant public power company to furnish all the electric needs of the nation. Thus the issue narrows down to the question of whether the government should engage at all in the power business, and if so, the extent to which its operations should go.

The policy of the Roosevelt administration has served to clarify the issue, for during the last three and a half years the federal government has embarked upon a program which is fairly clear to anyone who has watched its development. President Roosevelt has never accepted the position that the federal government should take over all the electric power companies, nor that it should be the sole source of supply of electricity. But he has maintained that government regulation alone is not sufficient to make electricity available to large numbers of people at lower prices. In certain areas, the federal government itself should go into the business of generating power and selling it. This would accomplish two important results. It would serve as a "yardstick" to determine the exact costs of generating electric power, thus affording a basis for fixing fair prices for the private companies. And it would act as a "birch rod in the cupboard" to keep the private utilities from charging too high rates and preventing greater numbers of people from taking advantage of electricity.

The Roosevelt program has been given
(Continued on page 8)



POWER IN THE MAKING

How far should government go in controlling electric utilities? The issue is becoming increasingly prominent.

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Winners and Losers

On the day after election every American citizen will have a chance to demonstrate the quality of his sportsmanship. A little more than half of us will be on the winning side. We will be pleased with the national results. It will be our job to show that we can take victory gracefully. We will have a chance to demonstrate any claim we may have to being good winners. That isn't such an easy job as may at first appear. It is as hard to be a good winner as to be a good loser. The fellow who wins is likely to celebrate the victory in such a way as to annoy and needlessly irritate the losers. He may resort to rough joking. He may "rub in" the defeat. He may boast or strut or he may be too demonstrative in his rejoicing. By acting in such a way he will advertise his poor social training. He will be exhibiting his own thoughtlessness and lack of tact. After all, he has little to boast about. He is on the winning side, to be sure, but that does not prove any superiority on his part. The fact that a few more than half the people believe as he believes, does not prove that he, or they, have the sounder views. In a democracy we must accept the decision of a majority, temporarily at least, but majorities are not always right. Their decisions are frequently reversed. The majority of today may fade away and become the minority of tomorrow. The party which is defeated this year, may easily be the victor in the next election. So there is no reason why the person who chances to be on the winning side this week should not behave with reserve, with consideration, moderation, and thoughtfulness for the feelings of those who have suffered defeat.

The losers, too, may prove their good sportsmanship by losing with good grace. They should forget as quickly as possible the sting of defeat. Like good patriots they should think of the president-elect, whether he be President Roosevelt or Governor Landon, as the man who is to lead, not the opposing party, but the nation and all its citizens. Whatever your party, the successful candidate will be your president and he is entitled to your support. You may hold to your own views; you may continue to express your opinions, thus helping to build public opinion; helping through the building of public opinion to rule the nation. And each individual, whether on the winning or losing side, should remember that all the big national problems are still with us. They are not being solved this week. During the coming months and years, there is as great need as there has been during the campaign, for informed and public-spirited citizens who are concerned for the public welfare and ever watchful for the opportunity to exert an influence over the course of national and local affairs.

Party Strife Grows Serious in France

Factions Disagree Both on Foreign Policy and Recovery Program of Blum

CABINET FUTURE IN DOUBT

Blum Reforms Have Failed to Satisfy All Parties and Have Added to Strength of Extremists

The vigor with which the presidential campaign is conducted, the attention which it quite properly claims in the press, and the discussion of issues that takes place among all thinking persons tends, perhaps, to exaggerate the problems which face the American people. That many of these problems are fundamental, no one will question. But important as they are, they dwarf into insignificance when we compare them to the difficulties which beset certain of the other peoples of the world. We may feel fairly secure that the morning following election day, there will be no riots in our streets. There will be no uniformed bands marching to our capital threatening to overthrow the government and seize power.

That is not true of many of the nations on the other side of the Atlantic. If, for example, we should spend a little time reflecting upon the worries and anxieties of the French people, we would be likely to feel that our path here in America is comparatively smooth. We would come to regard even the tumult of the campaign, its hurling of blasts and counter blasts, as the cooing of doves.

Factor of Geography

To understand clearly why it is that the French people cannot face an election with that calm assurance characteristic of our own nation and why, looming over their every activity, there is the shadow of doubt and anxiety, we must put ourselves in their place and see how things appear to them as they look out upon their world. The first fact that must strike us is the threatening international situation. We in America do not live under any such constant threat. To the east and the west are vast expanses of water that separate us from Asia and Europe. To the north and south are nations which covet none of our territory, which seek to work out their problems either by themselves or, when necessary, by peaceful coöperation with their neighbors.

France presents a striking contrast to this picture. For her, the war danger is real and imminent. It casts a shadow upon the thinking and planning of every family. They see the growth of armaments, the aggressive attitude of some of their neighbors, the failure of the League of Nations to settle disputes, and they therefore think it very likely that they will be drawn before long into a destructive war that will bring ruin and death. Of course, they hope for the best, but they do not close their eyes to the threat.

Naturally, they are concerned with finding a method to avert the crisis. But here they come against a formidable obstacle, for among themselves they are far from agreed as to the wisest course to follow. Should they remain allied with Russia, trusting for their defense to that country's powerful army and its growing air fleet? To do so is only to further aggravate Germany which has begun a crusade

against Communism. Or should they give up their Russian alliance, increase their fortifications and prepare single-handedly to defend themselves against aggression? But what guarantee does such a course offer? Even if it should soothe Hitler, could they countenance his activities in eastern and central Europe? Could they confidently permit his encouragement of a fascist state in Spain, which lies just beyond the Pyrenees?

Each one of these questions is a live one in French politics. And in the case of each question there are bitter partisans who take one side and others who advocate a different course. So the Frenchman lives in continual insecurity, remembering always that from Berlin to Paris is but a matter of a few hours by fast bombing plane, but uncertain how to dispose of that reality.

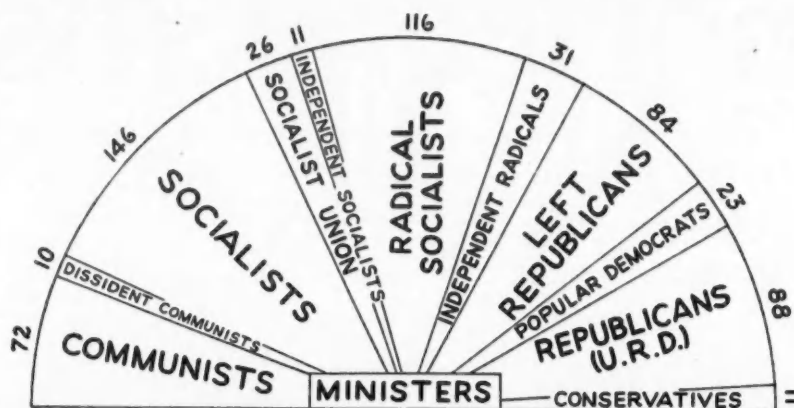
Political Factions

The next important fact about the French situation is the wide gulf separating some of the political factions. Divested of the fantastic garb they put on during a campaign, the major political parties in the United States are seen not to be so fundamentally different. There are certain objectives and principles to which both subscribe and if they clash at all it is only in the matter of methods and forms. To be sure, we have extremist groups. There are both fascists and communists in the United States. Both groups, however, are utterly insignificant. In France, the reverse is true. Indeed, the most striking single fact of the French elections held last spring was not the victory of the Popular Front but rather the loss sustained by the moderate faction, the Radical-Socialists. At the one extreme are the Communists who have increased the number of representatives in the Chamber of Deputies from 12 to 72. At the other extreme is a powerful fascist element, opposing the republic itself and each day becoming more articulate. Many of them are frank in admitting that they would overthrow the government and establish a régime similar to that in Italy and Germany. Until recently, the fascists were armed and had their marching clubs which distinctly resembled the private armies commanded by Hitler and Mussolini and which helped both of them gain control of their respective states. The French armed bands are now dissolved but they have reappeared as political parties. While the Croix de Feu (Cross of Fire), now called the French Social party, under the leadership of Colonel Francois de la Rocque, was until recently the most prominent, it is being superseded by the Social party of Jacques Doriot, whom many regard as a possible French Hitler. So, in addition to the threat of war from without, the Frenchman lives in constant danger of having armed bands of his own people move against the government.

Economics

The third fact to remember with respect to France is that she is in much the same position economically that the United States and Great Britain and most of the other countries were in 1933. Most of the nations have been enjoying a steady, if slow, recovery during the last three years. But conditions in France have been growing worse. Unemployment has been increasing. Wages have been going down. Large numbers of business concerns have been going bankrupt. The government, at present, is undertaking to come to grips with the depression and to lead the country out of it, and that effort, as we shall see, while succeeding in some respects, is leading to much political and industrial strife.

With these general facts in mind, we may consider what has been taking place in France during the last half year. It was at the parliamentary elections last spring that the French people expressed their impatience with the ineffectual manner in which successive cabinets tried to cope with the crisis. They gave a large majority to the Popular Front, running on a program of radical reforms. Leon Blum, leader of the Socialist party, was chosen to become premier. But to appreciate the difficulties hounding the government in its every step,



TOP—THE STRENGTH OF THE POLITICAL PARTIES IN FRANCE
BOTTOM—PREMIER LEON BLUM

we must remember that the Popular Front is not a political party, as we understand that term in the United States, but rather a coalition of several parties. So that Premier Blum depends for his support not on one faction alone; but on three, all attempting to cooperate with one another.

It is this which makes Blum's position precarious. His every move has to run the gauntlet of conflicting views. He cannot afford to lose the support of his own Socialist followers or the support of the Communists or the Radical-Socialists. His cabinet would otherwise be doomed. The largest of these parties is the Socialist, which is very much like the British Labor party or the Social Democratic party which ruled Germany for a while after the war. It advocates government ownership of in-

dustry that harks back to the French Revolution. They will passionately defend the principles of liberty and democratic government, but they are not anti-capitalist. On the contrary, they embody the ideal of the average Frenchman, who seeks a home, a patch of garden, and a sense of security. And the Radical-Socialists are a powerful force in France. In one way or another, they have dominated her politics for the last 50 years.

Popular Front Program

So it is these three parties, disagreeing in certain fundamental respects, that Blum has to keep united. If he has succeeded in doing so thus far, it is because they have realized the necessity of putting up a united front to keep the country from falling into



IN QUIET BRITTANY

Political contentions and disturbances are for the most part concentrated in the city of Paris

dustries, but would obtain that objective in a gradual, orderly manner. The second member of the Popular Front coalition is the Communist party, closely associated with the Russian Communists and advocating government ownership of industries without delay.

A third faction consists of the Radical-Socialists. Their name is somewhat misleading for they are only mildly radical in their political doctrines. They represent the small, middle-class merchant, the small manufacturer, and the land-owning peasant, of whom there are over 10,000,000 in France. The Radical-Socialists have a

the hands of the fascists or other reactionary groups.

What action has this coalition government taken to combat the depression? You will recall that it devalued the franc; that is, cheapened the French currency. It hopes, in that way, to make it easier for foreigners to buy French goods and thus bring about a revival in industry. In addition, it has enacted some 60 sweeping measures dealing with many aspects of French economic life. It is to spend about a billion dollars on public works in order to aid the unemployed. It has guaranteed workers the right to organize labor unions

of their own choosing. It has provided them with a forty-hour work week, including paid vacations. Furthermore, it is planning to give debt relief to impoverished farmers and improve agricultural prices by production control of crops. Finally, it has begun to nationalize the munitions industry and has tightened government control of the Bank of France, the center of the French financial structure, which was formerly in the hands of the 200 richest stockholders.

Grievances

Clearly, what the Popular Front government has done is to further the interest of the underprivileged and the poor. Naturally, there is a storm of protest from powerful business interests and the conservative elements in the population which claim that the government lends too willing an ear to communist agitation. At the same time, the workers are not all satisfied. True, their wages have been increased. But in many cases, employers have increased the price of their products so that the cost of living has been going up. This dissatisfaction is voiced by the deputies, many of whom are seriously considering whether they should continue to support Blum. Each faction has its grievances and these are aggravated by occasional incidents. Thus, the Radical-Socialists have deeply resented the open flaunting of the red flag and the singing of revolutionary songs in which Popular Front leaders participated. Thus, too, the Communists have been disillusioned by Blum's downright refusal to assist the Spanish loyalists in their war against the rebel fascists.

It is this complicated political maze which leaves the Frenchman puzzled and worried. He may again face a crisis in a few weeks when the Blum government seeks approval for its conduct from the Chamber of Deputies. For, according to French political custom, should the representatives fail to approve any important measure proposed by the government, it would indicate a lack of confidence in the premier and he would be obliged to resign.

Future Uncertain

While not pointing definitely to a showdown in the near future, rumblings from diverse sources are illustrative, at any rate, of the tension and uncertainty which prevail. Members of the Radical-Socialist party have been meeting in Biarritz and have seriously questioned whether they should continue their support of Blum. It is true that they finally agreed to do so, but not until they had spoken their minds quite openly upon a number of matters and had made certain demands upon the government. Moreover, the Communists have been urged to bring about the downfall of the cabinet and thus make possible a distinctly leftist government, untrammelled by conservative cooperation.

Still, it is possible that this view over-emphasizes the danger of the French government. Despite riots and heated quarrels, the French maintain a sense of balance; and even if disorder should prevail there is one sobering thought which is likely to induce the opposing factions to conciliate their differences. There is always the danger of foreign aggression and while they may disagree among themselves on internal policy, they are likely to unite when they realize that internal dissension may be an invitation to an invader.

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AROUND THE WORLD



Germany and Italy: Coöperation between the dictatorships in Europe took a long step forward on October 24 when Hitler and Mussolini gave their approval to "understandings" which had been reached in the negotiations between Count Galeazzo Ciano, Mussolini's son-in-law, who is the Italian foreign minister, and Baron Constantin von Neurath, the German foreign minister. The reports of the new agreement carefully declare that it is not an alliance, and nothing is said about one country helping the other in case of war—at least not in the parts of the agreement which were made public. But the governments of Hitler and Mussolini have agreed to work together to "keep the peace of Europe," to promote their "parallel interests," and to "defend European civilization" against Communism. Mussolini agrees that Germany is to be allowed more say than she has had about things in central Europe, especially in relation to Austria and Hungary. Spain and her colonies are to be kept undivided if and when the rebels win, and General Franco's government is to be recognized very soon after the rebels take Madrid. Italy and Germany agree to a new Locarno pact, but it is to be confined strictly to western Europe—Russia, in other words, is not to be a party, and noth-

tory for German policy. By winning Mussolini over to a belligerently anti-Communist position, Hitler has delivered another blow at the Franco-Russian alliance which he is determined eventually to break down.

* * *

Spain: The rebels in Spain are pushing their lines slowly nearer to Madrid; they were within 11 miles as this was being written. It seems likely that they will capture the city before long, in spite of the desperate defense being made by the loyalists.

The capture of Madrid by General Franco's forces will create a number of new difficulties in Europe. Hitler and Mussolini have intimated that very soon after Franco takes the Spanish capital they will recognize his group as the legal government of Spain. Under international law, Germany and Italy then will have the right to supply Franco with arms to put down the last opposition of those supporting the present government. Portugal will follow the lead of Italy and Germany. It already has withdrawn recognition from the present government. But Russia, France, and Britain will probably continue to recognize the present administration, at least for a time. Russia has threatened definitely to supply the government with arms, saying that Germany and Italy have helped the rebels

and so have broken the neutrality agreement. With Germany and Italy saying that General Franco is the head of the legal Spanish government, and Russia declaring that the administration headed by Premier Caballero is legal, the chances would be very small of keeping intact even the last shreds of the agreement not to help either side. Furthermore, the rebels have threatened to sink Russian ships carrying arms to help the Spanish government. If they start doing this, especially after they have the open backing of Germany and Italy as the legal government of Spain, it will be a very short step indeed to open war in Europe.

* * *

Australia: The prime ministers of the states in the Commonwealth of Australia, and of the Commonwealth as a whole, recently held one of their annual

meetings. But they succeeded no better than in earlier years in settling important disagreements involving the division of authority between the states and the federal government. The constitution of the Australian Commonwealth is even vaguer on this division than is the American Constitution, and a number of proposals have been put forward in the last few years for asking the people to vote on changes. This year, the discussion was mainly about efforts to organize marketing under governmental auspices, chiefly to help Australian exporters of agricultural products. It was discovered that under an interpretation given to one of the articles in the constitution by the Privy Council, neither the Commonwealth government nor the government of any of the states has the authority to regulate interstate commerce.

By this interpretation, the Privy Council upset governmental plans even more seriously than did the American Supreme Court in declaring the NRA and some other New Deal laws unconstitutional. Because, under this ruling, no government in Australia can regulate interstate commerce, none can do anything about organizing marketing. A good many people in Australia are calling for a referendum to give the people a chance to say what they want on this question—which would be the Australian way of amending the dominion's constitution.

Geneva: The terrific costliness of the fear of war which is growing among the nations, especially in Europe, is shown in the figures given in the new issue of the League of Nations' "Armaments Year Book," just issued from Geneva. In 1933, the total expenditures for armies, navies, and air forces was \$7,435,000,000. In 1934, this amount had increased by \$745,000,000 (10 per cent) to \$8,281,000,000. In 1935, these military expenses jumped again, both proportionately and absolutely. The "defense" expenditures in that year were \$9,295,000,000, or \$1,014,000,000 (12.2 per cent) more than in 1934. These expenditures for armaments contrast devastatingly with the nations' expenditures to promote peace. The total expenses of the League of Nations in 1915, for example, were just under \$7,000,000. At that rate, the amount spent for military purposes, though there was no war, in that year would keep the League going for 1,328 years.

Russia's army in 1935 was the largest in the world, with 1,300,000 men. France came next, with 643,000 under arms; Great Britain had 537,000 soldiers in all her territories; Italy had 503,000; Japan, 224,000. Exact figures for Germany's armies were not available, but the League gives an estimate of 550,000, which is to be compared with the 100,000 allowed Germany under the Versailles Treaty. The German army was considerably increased in 1936 by Hitler's extension of the period for conscript service from one to two years. The regular army of the United States was 139,000 in 1935, but if the National Guard and the reserves were counted, the total was 439,000.

* * *

India: Rioting in Bombay in the middle of October emphasized one of the serious and periodically recurring difficulties in the way of establishing workable self-government in India: the strong feeling between the Hindus and the Moslems. In this particular case, trouble started when Hindus began building a temple near a Moslem mosque. What amounted almost to pitched battle between the Moslems and the Hindus went on for four days, with



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WAR IS LIKE THAT

The very old and the very young suffer most in time of civil strife, as they are neglected by the able-bodied engaged in active combat. This photograph was taken in a street in Madrid.

people on each side attacking people on the other, looting and burning shops, and creating disturbances in other ways. Finally, after 50 had been killed and 490 injured, and after the police had proved incapable of stopping the trouble, the British governor called out the troops on October 18 and put Bombay under rigid military control.

This kind of Hindu-Moslem outbreak has occurred in India from time to time ever since the Moslems came into the country from the northwest in the tenth century and established themselves by force in the northern part of India. The hatred of the Moslems and the Hindus for each other is due partly to traditions of this ancient armed invasion, partly to rivalries for opportunities to make a living—opportunities which are none too good for anyone in the crowded cities and farming lands—and partly to disagreements over religious questions. The religious differences give a peculiar ferocity to the mutual dislike, which it might not get from the historical and economic causes alone.

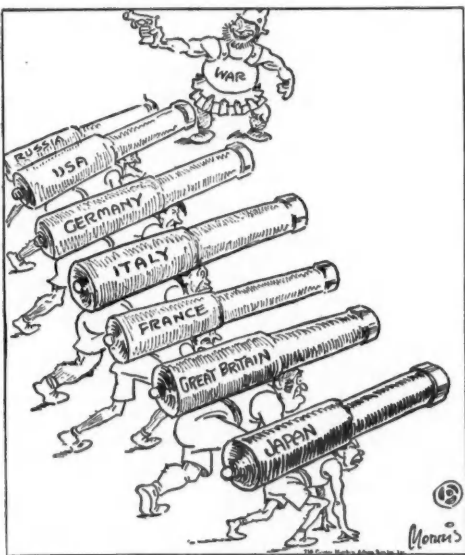
One of the principal reasons for not giving India self-government which is put forward by those who want the British to stay in control is that if British authority were withdrawn there would be no one to stop these Moslem-Hindu wars when they did start. Indians and Britishers have tried hard to get the followers of the two religions to end their quarreling, and some progress has been made. But this new rioting shows that the problem has not been solved.

* * *

Speaking to a huge crowd at Bologna on October 24, Mussolini said that Italy gave the world a "message of peace and labor. . . . It is an olive branch which I raise at the end of the fourteenth year of the Fascist era." But, he continued, "this olive branch springs from an immense forest, and it is a forest of 8,000,000 bayonets, well sharpened and grasped by men with intrepid hearts."

* * *

Leon Degrelle, the spectacular leader of the Rexist party in Belgium, and a number of his leading followers, were arrested on October 25 after trouble had broken out in several cities, but especially in Brussels, as a result of Rexist demonstrations. Troops had to be called out to put down the rioting.



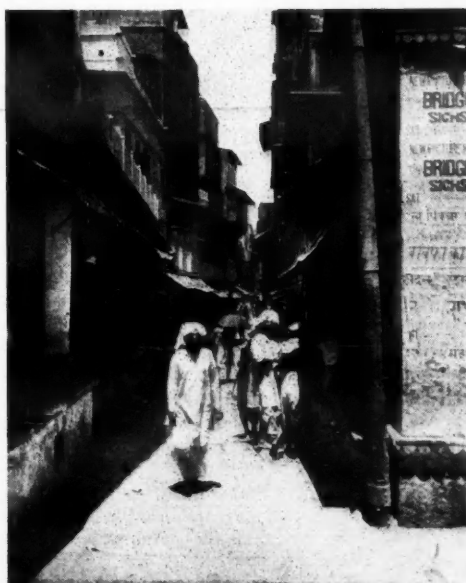
THE LATEST MARATHON RACE

—Morris in Jersey Journal

ing is to be said about eastern or central Europe where any trouble between Germany and Russia is likely to start. Finally, Germany recognizes Italy's annexation of Ethiopia, and is given special trading advantages there.

The details of these "understandings" are not so important as the fact that the two dictatorial governments definitely have come out into the open on a general policy of coöperation. The effect on France's position is especially significant. Mussolini has on the whole sided with France against the expansion of German influence into central Europe, which has helped in the development of strong French influence there. But the increase in Germany's power under Hitler, the sharp division between fascism and socialism in the Spanish civil war, the turn toward socialism in the French government under Blum, and the French agreement with Soviet Russia, all tended to persuade Mussolini that he and Italy would be better off if the associations with the dictatorship in Germany were made stronger and those with France were weakened. This understanding is the result. Just what its effects will be in the maneuvering for position in Europe remains to be seen. But one definite result is obvious: it draws more sharply the line between the fascist and the socialist and democratic governments in Europe.

The agreement is considered another vic-



© Ewing Galloway

A STREET IN BENARES, INDIA



STENOGRAPHERS IN PROTEST

Dressed as Chinese coolies, and declaring that they are "working for weekly coolie wages," these New York office workers picketed their employer's establishment recently.

© Acme

The Campaign Closes

It was freely predicted a few months ago not only that an unusual amount of bitterness would develop during the presidential campaign of 1936, but that the contest would be characterized by mudslinging and personal attacks. Fortunately, this prediction has not been justified. While emotions have naturally been aroused and there has been intense interest in politics, feeling has not been deeper and political tactics have not been more questionable than is usually the case. The campaign on the whole has been decidedly cleaner than a number of our recent presidential contests have been. But while politics has not been especially dirty or vindictive this fall, it can scarcely be claimed that the political appeals of either party have been on a high plane. Seldom have the party leaders played upon emotions so much, and seldom have they

becomes normal? These are questions which thoughtful people are thinking about, but they have not been answered during the campaign.

The Republicans leave us equally in the dark as to their program. At just what points will they reduce federal spending? How do they propose to increase our exports while giving what they consider adequate protection to American industry against imports? Will they, or will they not, abandon the alphabetical agencies which have been set up by the Roosevelt administration? The Republicans have had much to say about communism and dictatorship, but have said no more than the Democrats have about the program which is to be carried on during the next four years.

As a matter of fact, there is not much more intellectual appeal about a political campaign than there is in a campaign carried on by a commercial advertiser. When a cigarette company sets out to sell its wares, it does not try to prove by the presentation of scientific facts that its product is better than that of its competitors. It is satisfied merely to induce readers of its advertising to associate its product with something which is pleasant or agreeable. It plasters the billboards with pictures of beautiful women, on the assumption that an unthinking public will associate this particular brand of cigarettes with beauty and with agreeable social relations. That is all it needs to do in order to induce sales.

Similarly, the political leaders try to get the voters to associate their party and candidate with general ideas which are agreeable and pleasant. The Republicans have tried very hard to get voters to associate the Republican party and its candidate with such popular ideas as thrift, economy, Americanism, reverence for the Constitution, old and tried ways, common sense. The Democrats, on the other hand, have sought to have their party and candidate associated with such pleasant concepts as the common people, sympathy, humanity, opposition to powerful and ruthless "interests," and the general notion "let well enough alone."

That of course is not the whole story. There has been a certain amount of solid argument. A number of concrete issues have been brought forward and clarified. For example, the Democrats will depend more upon the federal government and the Republicans more upon the state governments, to enforce satisfactory labor standards. The Democrats would continue and expand the Hull reciprocity trade treaties, while the Republicans would limit their scope. The Democrats would maintain the Social Security Act, allowing, however, for certain amendments. The Republicans would keep the old-age pension plan, but would abandon the program of old-age insurance and of federal taxation for unemployment insurance. The Republicans would turn relief administration to the states, while the Democrats would have administration in the hands of the national government. The Democrats would go farther than the Republicans by way of encouraging the farmers to limit production, while the Republicans have promised some kind of export bounty in

The Week in the

What the American People A

addition to the soil conservation benefits.

This is a fairly imposing set of definite and admitted party differences, but many of the most important questions confronting the nation are still in need of clarification as the presidential campaign comes to a close. This means that the citizens of America must keep themselves informed and must remain alert and watchful, if a sound public opinion on our most important problems is to be developed and if it is to determine public policies during the coming months and years. That remains true, whatever the verdict of the voters may be this week.

Increase in Voters

It is expected that at least 42,500,000 people will go to the polls tomorrow in every state and every community of the nation. Over 50,000,000 have registered their names for the privilege of voting and it is believed that most of them will manage to get to the voting places. In the 1932 election 39,763,589 people voted.

It is reported that many people who have not taken the trouble to cast a ballot for years are planning to vote in this election. The Republicans see in the increased number of voters a heavy protest against the New Deal, and the Democrats claim a similarly heavy vindication for the policies of President Roosevelt. Election day will tell the story.

Demand for Skilled Workers

A strange note in this day of widespread unemployment is the report that New York City is experiencing an actual shortage of junior executives and skilled office workers under 30 years of age. The National Employment Exchange in that city declares that the period of depression made it impossible for many young people to secure the years of experience necessary to qualify them for superior office positions. As a result of this situation, employers are finding themselves obliged to be less exacting in hiring new employees, and at the same time to cope with greater "salary restlessness" among employees who have been with them for some years, and who might be tempted to seek other connections at higher pay.

Challenge to Big Business

Few American problems are more important or more pressing than that of housing. How can decent, sanitary, and attractive houses be provided for families with low incomes? Three-fourths of the families have incomes below \$2,000 a year, we are told. They cannot afford to pay more than \$4,500 for houses. Yet suitable places apparently cannot be built in most of our cities for that amount. The trouble, according to William Feather, who writes about the problem in the November *Atlantic Monthly*, is that we do not have large-scale production of housing as in most other industries. There could be cheap construction, he says, if big business organizations were to take up the job of building small houses. A great company with thousands of houses to build could buy the land, do the financing, take care of all the details, and, because of the large-scale purchases and planning and building, could build cheaply and well and give a family an attractive place for a down payment of less than \$1,000 and monthly payments thereafter of not more than \$35. The housing situation, according to this author, presents a "challenge to big business."

Taxes Here and There

There is much complaint of high taxes in the United States. And, indeed, the enforced contribution to the various governments—national, state, and local—are high enough. They are not, however, as high as the tax levels in the leading European nations. A study recently made by the National Industrial Con-

ference Board shows that last year the tax collections—federal, state, and local—amounted to 18 per cent of the national income. In the United Kingdom, 24.4 per cent of the income of the entire nation was taken as taxes. In 1933 it was 34 per cent. In Germany last year 22.7 per cent of the income was collected as taxes. And the last figures for France show 27.4 per cent of the national income being paid out in taxes.

In the United States, as in the other countries, the taxes per person have declined. In 1930 the total tax collections averaged \$83.40 for each man, woman, and child. By 1935 the tax on the average individual had fallen to



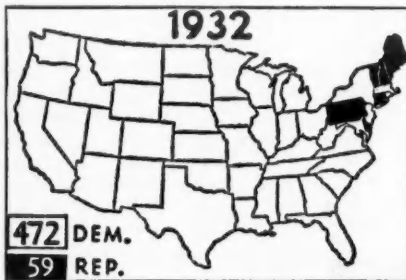
AIN'T PROPER

\$75.67. The tax per person in the United Kingdom fell during this period from \$94.15 to \$90.83. While the taxes per person have fallen during recent years, an increasing proportion of the national income has been taken as taxes. The explanation of this is that the national income has gone down faster than taxes have declined. Now that the income is increasing it is reasonable to expect that tax collections will take a smaller proportion of the total income.

Career Service

The new administration, whether Republican or Democratic, will have to consider early a sweeping program of civil service reform, advocated by the special committee on governmental reorganization which was appointed some time ago. It is understood that the principal recommendation of the committee will be the revamping of American civil service along lines similar to the British system. Emphasis will be placed upon "career service" which will make of government positions much more than berths for untrained politicians. Opportunities for advancement will be great so as to attract really outstanding persons of ability.

At the present time, opportunities for advancement in government service are extremely slim, as those who come under the civil service are generally classified into pigeon-

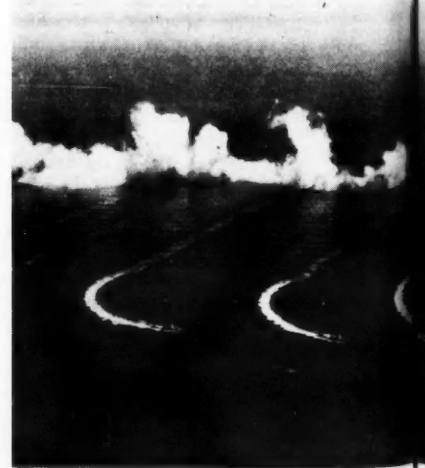


—Courtesy New York Post

RESULT OF THE LAST TWO ELECTIONS

shown so little respect for the intelligence of the electorate.

The Democrats have had much to say of the Roosevelt record, and this strategy has been justified and reasonable. But they have made few promises as to future performance. With few exceptions, they have left the country in the dark as to what a second Roosevelt administration would be like. Does the President intend, for example, to find a way whereby the National Recovery Act or something like it may be put into effect? Does he still stand for the principles of the NRA? Does he intend to press for changes in the Constitution which would give the federal government more authority? Will he work to strengthen the neutrality laws? Does he propose to move still further away from the traditional American policy relating to freedom of the seas? Will he balance the budget by increased taxation if it should turn out that we still have a great army of unemployed after production



MANEUVERS

On October 27, Navy Day, the U. S. fleet started

United States

Doing, Saying, and Thinking

holes from which they cannot emerge without obtaining a new classification. Under the proposed change, government workers could advance step by step, just as they can in a private business organization, as a recognition for merit and ability. Each of the departments which is now presided over by a cabinet officer would have a permanent undersecretary whose principal function would be to administer to the affairs of his branch of the government.

In manning the civil service, according to the plan, a new type of examination would be given. Those who seek administrative positions would be tested upon their general edu-

ment whereby the two countries will cooperate in operating four zeppelins, two to be owned by an American company and two by a German company. Until the American dirigibles have been built, the American company will rent the new German ship now being completed. The plan will need to be approved by the German government and by Congress, since government assistance in each case will be required to finance the venture.

Private Flying

There is no doubt that progress has been made lately in the aviation industry, and many argue that flying is about as safe as other forms of transportation. But regardless of the possibilities in the field of commercial aviation, there are grave doubts concerning the immediate future of private flying. These doubts are expressed by Dr. Henry M. Winans in the November *Harpers* in an article, "Farewell to Flying." Dr. Winans tells of his own experience. He has done quite a little flying in a private plane. But although he has had no accident, he has decided that henceforth he will depend exclusively upon transport planes and will not try to operate his own.

The disadvantages in the way of private flying, Dr. Winans says, are many. The private plane lacks the equipment which a commercial plane carries. Furthermore, flying is a full-time job. Unless one can stay with it constantly so that all the operations become second nature to him, he is likely to fail to meet crises when they come. One unfamiliar with flying scarcely realizes how highly technical the operation is. "I was a dabbler in a very technical profession and was fortunate enough to skim away in the cream of its new experiences. Having done so, I shall now leave the mastery of its technique to those who are its devotees."

The Maritime Commission

A new government agency, the Maritime Commission, went officially into action last week. The purpose of this commission, composed of three men, is to carry out the government's new ship subsidy program, which consists primarily of giving private shipping companies sufficient government funds to enable them to compete favorably with foreign shipping companies which are subsidized by their respective governments. The commissioners will see to it, however, that these funds are used for that purpose and not to enrich American ship owners. Thus they will call upon all ship owners to furnish data on their payrolls, the type of business they do, and other matters. Under the law, companies receiving subsidies must limit the size of their executives' salaries to \$25,000 a year and their dividends to stockholders to 10 per cent.

Where the Money Goes

According to *Business Week*, the American people are now buying as large a volume of goods over the retail counters as they were buying in 1929. Of course, our population is greater than it was then; so the consumption of goods per person is still somewhat less than before the depression. But we are rapidly going back to the previous high levels.

A census of business, including a study of retail distribution, was made a few months ago with funds provided by the Works Progress Administration, and this census gives us interesting facts about what people are buying. The figures show that the largest part of the consumer's dollar goes for food—26.5 cents. Clothing and dry goods call for 21.4 cents out of the average dollar. The next most important item of expenditure is automobiles, new and used cars, garage space, accessories, and the like. This takes 14.1 cents of the dollar.

Other interesting facts are these: Buying on credit dropped during the depression, but is now coming back again. In 1929, 34 per



FIRST FEDERAL SLUM CLEARANCE PROJECT COMPLETED
The \$3,000,000 Techwood development in Atlanta, Georgia. It was started in 1935 and replaces the shacks shown in inset. There are accommodations for 604 families at an average rental rate of about \$5.00 a room per month.

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THOUGHTS AND SMILES

The world must be improving. New life-saving serums are being discovered almost as rapidly as new and deadlier poison gases.

—Saginaw News

Philadelphia has been granted the right to vote with the machine but not by the machine.

—Louisville Courier-Journal

If Germans do start to eat food made of wood by the newly discovered process, frauleins will just have to bear it if their husbands bark at them.

—Elgin Courier-News

Ideas are about the cheapest of all commodities, but the supply of men who can execute them is pitifully small.

—Bruce Barton

cent of all retail sales were made on time. In 1933 the figure had dropped to 28 per cent. Now it is going up again. Last year, approximately 3,900,000 persons were on the payrolls of retail establishments. This was an increase of 14 per cent over 1933 and is but 11 per cent short of the figure for 1929. The amount of money paid employees last year fell 34 per cent short of 1929, however, which means that wages were not so high and that there was more part-time work.

History in Sound Pictures

One of the functions of the National Archives is to preserve motion pictures of historic interest. The Division of Motion Pictures and Sound Recordings is making a collection of films and sound recordings of important national events which will enable people in the future to see and hear history as well as to read it. Inaugurals, important sessions of Congress, and dozens of other events will be stored in the vaults of the Archives for future generations. There are eight concrete vaults for important motion pictures, and in another part of the Archives building will be a place for storing sound recordings.

The Ekins Flight

How significant is the Ekins flight around the world which was completed last month? This is what the *Washington Daily News* says of the exploit:

Ekins' trip was more than a victorious race with other reporters by airship and plane over oceans and continents. It was more than big news, more than a super-stunt. It was a serious and sobering demonstration that mankind has won over the last of the treacherous elements to be conquered by his skill, the air.

That Ekins broke new world records for speed and distance was not so important as this fact: He flew the 25,804 miles around the earth entirely in commercial aircraft over commercial air lanes. This means that anyone with the same will and courage—plus the \$5,000 that Ekins estimates for the needed fare—can do the same. Traveling around the world by air no longer is the daring sport of experts. You can go yourself all the way by common carrier.

There is another race now going on in the world, a race between the destructive forces that would use these aircraft for war and the competing forces of peace. Ekins' trip, made possible by the cooperation of Germany, Holland, America, and other nations, will encourage the peace-lovers to believe that they yet may win this race.

Air-Conditioned Capitol

There is no political activity this fall around the national Capitol, for Congress will not be in session until January, but the building is nevertheless a busy place. The Capitol building, the two House Office buildings, and the Senate Office building are all being completely air-conditioned. The work will cost more than \$2,500,000, and it is giving employment to 1,400 men. The Senate and House chambers had been air-conditioned before, but the committee rooms had not, nor had the private offices of the members. This job of air-conditioning will be finished by the time the 75th Congress assembles. After that, the hot Washington summers will be less burdensome to members of Congress.



DEMOCRACY'S FIRST LINE OF DEFENSE
—Carmack in Christian Science Monitor

A Michigan woman of 101 boasts she has never voted and never will. Think of how many elections she hasn't influenced.

—Cincinnati Enquirer

The report that women's shoes will be more pointed this year has been received with some concern in male bridge circles.

—Grand Island Independent

An amateur night for political orators might not be amiss. Then we would not have to wait until the election to give them the gong.

—Glendale (Calif.) News-Press

Science is inconsistent. Cornell has taken the string out of celery and leaves them in ukuleles.

—Buffalo Evening News

Ships are material gestures toward disarmament, for we have learned that disarmament follows, not precedes, security.

—Vice-Admiral Sir Matthew Best, British navy

A judge recently told a woman to speak just as if she were at home. The case is still proceeding.

—WASP



PROFOUND? —From the Cleveland Plain Dealer

United States and Germany may cooperate in establishing a transatlantic dirigible passenger service. Ever since the *Hindenburg* began making successful flights between the United States and Germany, the American government and American aviation concerns have been interested in having this country participate in such a service.

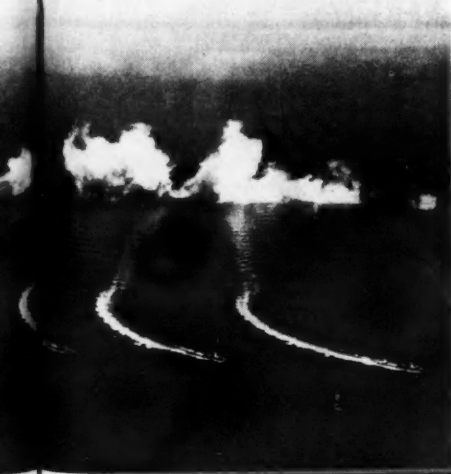
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Transatlantic Service

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NAVY DAY
impressive demonstration off the California coast.

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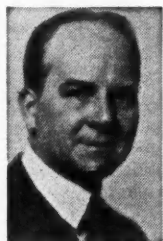
Historical Backgrounds

By David S. Muzzey and Paul D. Miller

The Basis of American Economic Development

WE ARE going to discuss this week a subject which forms an essential background to much that has happened in American history during the 150 or so years of our national existence. That is the difference of philosophy of the three men who had definite ideas about the way American life should develop. Thomas Jefferson, Alexander Hamilton, and John Adams were all men who had visions for America. Their visions were definite and clear cut, each differing from the other in fundamentals. It was the conflict of philosophy of two of these men—Jefferson and Hamilton—that led to the formation of our political parties, and it has been essentially the same conflict that has led to the great political battles in American history, including the present contest. It is vital that every student

of American development appreciate the essentials of these early philosophies in order that he may understand the fundamentals of the political battles and economic trends of later generations.



DAVID S. MUZZEY

When the American Constitution was ratified and the new government launched, the way America would develop was undetermined. It was largely an agricultural civilization that dominated our economy, although, as we have pointed out, industries were beginning to bud, commerce had made great strides, and shipping accounted for a large share of the national wealth. But there was no such thing as the billion-dollar corporation, the gigantic financial structure extending from one end of the country to the other. Industrialism, in the modern sense of the word, was unknown.

The Jeffersonian Dream

Jefferson and Hamilton and Adams all knew that the new country had unheard-of possibilities for development. Jefferson, one of our great thinkers, wanted America to develop, economically and politically, along lines of equality and justice. The society he envisioned was one in which the members should be neither rich nor poor—the extremes of abject poverty and fabulous wealth would both be eliminated. The vast majority of Americans would be property owners, not merely owners of their homes and personal belongings, but owners of property from which they could earn a living. The people would produce enough to feed themselves and to exchange for such products as could be made by artisans in the towns and villages. For the luxury articles, they would export enough foodstuffs and other agricultural products abroad. Agriculture would always remain the very foundation of American economy.

More than anything else, Jefferson dreaded industrialism which would lead to the amassing of millions of propertyless workers in the cities. "I view the great cities as pestilential to the morals, the health, and the liberties of man," he said. "The mobs of great cities add just so much to the support of pure government as sores do to the strength of the human body." If nearly everyone owned property from which he could support himself, there would be economic independence. Hand in hand with economic freedom would go political freedom—self-government.

Alexander Hamilton stood as the antithesis of Jeffersonian democracy. Hamilton had never had much faith in the masses. He had frequently expressed his preference for monarchy as a form of political organization. His future of America was the vision of a highly industrialized na-

tion, vast, powerful, and rich. He was the great defender of the factory system. If that system resulted in rank exploitation of workers, including women and children, that was beside the point.

Hamilton's whole economic policy was in keeping with this basic philosophy. If industry was to become firmly entrenched and in a position to expand, governmental policy must assist. His banking system would enable business to have the funds it needed for expansion. Under the Jeffersonian system, it would have been impossible to raise the capital necessary for huge industries. Thus, a "sound banking system" was an essential part of the Hamiltonian philosophy—as was a tariff policy aimed at protecting American industry from competition from the more highly industrialized nations, such as England.

Ideas of Adams

John Adams took a middle position. He knew how difficult of realization Jefferson's dream of economic freedom through the wide diffusion of property would be. At the same time, he fully appreciated the consequences of the Hamiltonian system of industrialism and high finance. Adams depended largely upon the in-betweens, the moderately rich and the moderately poor. Government should be strong enough to prevent too great accumulations of wealth and property and to protect the interests of the small property owners, the great middle classes. At best, all that could be hoped for was the prevention of abuses and the adjustment of inequalities.

As we know, the Hamiltonian philosophy triumphed in the early days of the government, for the Federalists, with their highly centralized government, carried out policies which were bound to benefit the commercial and industrial interests of the nation. When Jefferson did come to power, with the famous "revolution of 1800," he did little to undo the work already carried forward by the Hamiltonian philosophy. "The best governed people is the least governed" idea played into the hands of the Federalists, for, to have laid the foundations for his system he would have had to use the strong hand of government to inaugurate policies favorable to the agricultural interests. Moreover, the turmoil in Europe, which led to the Embargo Act, played into the hands of the industrial and financial interests, for by shutting off trade with Europe, Jefferson enabled American industry to absorb a larger part of the American market. Under the embargo, new mills and factories sprang up like mushrooms. "Factory fires were lighting all over the land," writes Jefferson's biographer, Claude G. Bowers.

The basic conflict in American politics from that day to this has been essentially the same as it was in those early days of our history. Should the government adopt policies to curb the power of the owners of production, or should it assist them in pushing ever forward? Should the government endeavor to give the common people the security and economic freedom for which they long? Attempts have been made to restore the conditions which would have made possible a society of Jefferson's dreams. But all have been unsuccessful. The march of industry could not be halted, and generation after generation saw the industries growing larger and more powerful, with more and more millions crowded into the cities. America has developed along the lines mapped out by Hamilton. There can be no reversal at this late date. The problem of statesmanship now is to utilize that development for the benefit of the majority of people.



FROM AN ILLUSTRATION BY LAURENCE IRVING IN "BLIGH AND THE BOUNTY"

Among the New Books

How to Tax

"Incentive Taxation: A Key to Security," by C. William Hazlett (New York: E. P. Dutton & Co. \$1).

THE reader of this volume can hardly fail to be reminded of the village economist who, after giving thought to our ills, came to the novel conclusion that the way to end unemployment is to find jobs for everyone. No one will dispute Mr. Hazlett's contention that "to increase wealth and standards of living we must produce more." But how are we to produce more? The author's proposal is, in brief, that the burden of taxation be placed upon unproductive property. There is a striking ring to this suggestion, but it does not bear close scrutiny. It evokes more problems than it solves, and the author is finally led to advocate an amazing jumble of political forms and not a few fancies.

Mountain Girl

"Kit Brandon: A Portrait," by Sherwood Anderson (New York: Charles Scribner's Sons. \$2.50).

IN A curiously limping manner that, however, reaches its mark, Sherwood Anderson sketches the portrait of a Virginia mountain girl who garnishes some scraps of wisdom, only to learn that they were without meaning or beauty. When scarcely out of her swaddling clothes, when with bare feet she romped carelessly over the hills, Kit learned how to deceive. It was the prohibition era, and she had to connive with her father to elude the police. Thus, at the outset, life appeared to her as a matching of wits. People, she thought, were running a furious race trying to get the best of one another. That thought became the basic axiom of her conduct. It motivates her when she leaves her country home for a mill-town; when she works in a shoe factory; when, as an employee of a five-and-ten-cent store, she joins the white-

collar class and is able to buy silk stockings and fashionable clothes. The same thought, too, makes it possible for her to become the daring, hard, but not soulless, member of a gang of bootleggers.

Not soulless, for all the time she has been searching herself, seeking to understand the why of things. She realizes that her struggles have brought her no contentment even if they have piled luxuries on her threshold. Ultimately she looks at the whole fabric of her existence and realizes what a tangled mess it has been; and realizing it, she feels warm and alive. She understands that she should engage in work that does not separate her from others but rather which makes possible "a real partnership of living."

Captain Bligh's Story

"Bligh and the Bounty: His Narrative of the Voyage to Otaheite with an Account of the Mutiny and of His Boat Journey to Timor," Edited and Illustrated by Laurence Irving (New York: E. P. Dutton & Company. \$2.50).

IN HIS preface to this excellent volume, Laurence Irving is perhaps unduly disturbed over the way in which the movies have dealt with Captain Bligh. They made him a cruel and unrelenting sea master who starved his men, and flogged them when they complained. That appraisal, Mr. Irving says with some heated emphasis, reflects only upon those who are ignorant and whose sole concern is to defame character.

If the cinema capital were in the habit of looking to any artistic canon, besides their ledger books, they could point a sly finger, for Mr. Irving's benefit, to Shakespeare, who filched his material from old chronicles but paid no scrupulous attention to detail, or indeed, to facts.

But this argument apart, if it were Mr. Irving's indignation which led to issuing this carefully edited text of Captain Bligh's narrative, let him enjoy his ire so long as we have the volume. For as a sheer narrative it is exciting, despite the severely restrained tone of Captain Bligh's style.

Tomorrow's Jobs

"Occupations," by John M. Brewer (Boston: Ginn and Company. \$1.60).

ONE of the difficult problems that must face the majority of young people, upon leaving school, is how to determine the choice of a career. With several millions unemployed in the United States, the student is naturally at a loss when he comes to make a decision. What occupations offer the most encouraging prospects? Where is there likely to be the least unemployment? What type of work promises to develop in the next few years? To all these questions, Mr. Brewer attempts to give an answer. Whatever faults his volume may have arise from the fact that we do not yet have accurate and reliable statistics on employment trends in all kinds of work.



FROM THE JACKET DESIGN OF "KIT BRANDON"



The neutrality issue. Governor Landon's position compared with that of President Roosevelt. Which policy would be the most likely to keep us out of war?

THESE three imaginary students will meet each week on this page to talk things over. The same characters will continue from week to week. We believe that readers of THE AMERICAN OBSERVER will find it interesting to follow these discussions week by week and thus to become acquainted with the three characters. Needless to say, the views expressed on this page are not to be taken as the opinions of the editors of THE AMERICAN OBSERVER.

Charles: I think we should discuss problems of foreign policy this week. We haven't got around to international relations for a long time, and probably the question of America's relations to the rest of the world, and particularly the problem of keeping our country out of war, is the most important which the American people face today. We understand fairly well the general line of President Roosevelt's policies, for we have seen him dealing with international relations for over three years, but we might spend some time outlining the issue between him and Governor Landon.

John: That is a particularly timely subject, because Governor Landon outlined his position on foreign relations in his Indianapolis speech only a few days ago.

Mary: Yes, I heard that speech on the radio, but so far as I could see he didn't say very much. He said that the League of Nations had failed to keep peace in the world, that the plan of collective security wasn't working very well, that the nations of Europe were forming into hostile alliances, and that the United States ought to mind its own business. So far as I know, we agree on those points, but they do not bring us to the heart of the international issue. I would like to know how Governor Landon intends to keep the country out of war and help promote peace in the world.

John: For one thing, he holds to the time-honored American policy of arbitration. If the United States has quarreled with other countries, it should arbitrate. Furthermore, we should be willing to mediate or help other countries to come to terms if they are in trouble, but beyond that we should not go. He also says that the United States should be willing to reduce armaments and to lead the way in bringing about world disarmament. That, too, is a time-honored American principle.

Charles: Yes, Americans have always talked a great deal about arbitration and disarmament. President Roosevelt, as well as other presidents, has had much to say about America's willingness to reduce armaments, but nothing has come of all this talk. As a matter of fact, the nations of Europe and Asia are disturbed by problems which they cannot very well arbitrate. You could not, for example, conceive of the nations submitting to an arbitration court the question of whether Germany should try to expand in the east at the expense of Russia, or whether Italy should expand in Africa, or whether the fascist nations should fight against those which are communistic, or whether the democracies should fight to preserve their system. You can arbitrate questions of fact, like disputes over boundaries, but you cannot arbitrate great national programs or principles, and it is these great programs or principles which are in conflict today and which are threatening the peace of the world. We might just as well be realistic and admit that.

The big question for us is not whether or not the League of Nations is a good thing, or whether the World Court is beneficial, or whether disarmament and arbitration are beautiful ideas. Our big question is this: If the European nations go to war, how can we preserve our neutrality?

John: Governor Landon had something to say on that point in his Indianapolis address. He says we should be neutral in case of war, and he implies that we should

preserve those rights which are recognized to belong to neutrals. He says that a set of rules or principles has grown up and should be respected. He does not think that the United States should give up its rights. He says, "Specific pledges not to go to war under any condition, risk encouraging belligerents to attempt aggression which would in fact precipitate us into war. But in view of our enormous potential strength demonstrated in 1917 and 1918, I believe hereafter nations will be reluctant to violate any neutral rights upon which we insist."

Mary: Apparently that statement means that we should follow the rule which we have followed in previous wars and should undertake to trade with nations which are fighting. Then if they interfere with our trade, we should go to war as we did in 1812 and in 1917. If that is the meaning of Governor Landon's statement, he is in direct opposition to President Roosevelt. There is then a real issue regarding our international policies. It seems to me that the position of President Roosevelt is the correct one.

John: How would you define President Roosevelt's neutrality position?

Mary: He believes in a change of our policy in certain respects. He has advocated and obtained neutrality legislation which provides that in case other nations are fighting, American citizens shall not sell munitions of war to either nation. American citizens shall not make loans to either nation, and if they travel on the ships of a nation which is at war, they shall do so at their own risk. The President believes in going even farther than that. He thinks that if other nations are fighting, our government should try to prevent a war trade from developing with any of the belligerents; it should discourage Americans from selling more goods to a belligerent nation than they have been selling in time of peace. If such a rule were followed, America would be strictly neutral. We would not be supplying either country with the goods it needed in order to carry on the war, and we would not be endangering future American prosperity by building up war industries—industries depending upon an export trade which would die away as soon as the war closed. When the people of America get to making money by an abnormal war trade with a country which is fighting, they at once have an economic interest in the success of that country. They cease, really, to be neutrals. They endanger our peace by provoking the belligerents which are not able to buy our goods. The nation not benefiting by the war trade is likely to try to interfere with the commerce we are carrying on with its enemy. This will lead us into war. Furthermore, the war trade produces unhealthy temporary booms in certain industries, leading to crash afterward.

John: But when you try to apply a policy of that kind, you are likely to find that you are really unneutral. That is a point which Governor Landon made in his address. He said that, in effect, America took sides in the war between Italy and Ethiopia. He said that President Roosevelt last year "Overrode the neutrality legislation he himself had sponsored. He attempted to put the United States in the forefront of the sanctionist powers against

Italy. His action made it probable that if war had come we would have been involved."

What Governor Landon meant was this: The government of the United States prevented its citizens from selling war supplies to the Italians. It advised its citizens not to travel on Italian ships. It urged Americans not to sell oil and other goods to Italy in excess of the amounts they sold before the war began. This was injurious to the Italians and it angered them. We were really taking sides in favor of Ethiopia, and if a war had developed we would

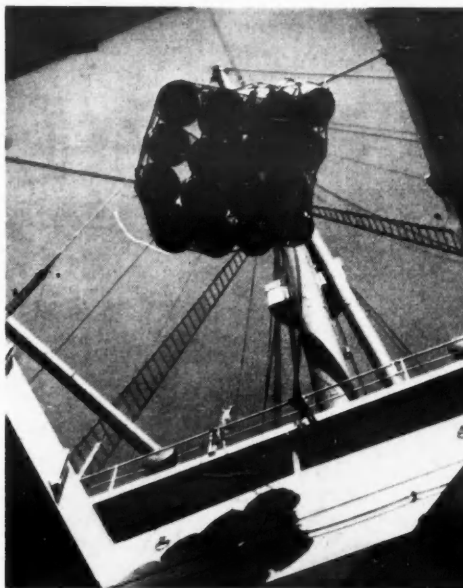


© Harris and Ewing

ARMAMENTS
Should we increase them or reduce them?

have found ourselves in the midst of it.

Mary: I don't agree with you there, John. The rules the President made respecting the war between Italy and Ethiopia applied to both countries. He did not single out Italy. He said that Americans should not travel on the ships of either country which was at war, and he tried to prevent the development of a war trade with either one. Of course, as a matter of fact, Ethiopia was not getting much of our trade anyway, but that was not a fact which we needed to take into account. What we should do is to apply the same rules of trade to all nations which are fighting, whether these rules happen to



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FOREIGN TRADE
What should we do about it in time of war?

hurt one country more than another or not. Our duty is to establish the rule that our citizens shall not travel on belligerent ships, that we shall not sell war supplies to either belligerent, that we shall not allow an abnormal war trade to develop with either country. Our action is not unneutral simply because one of the countries would have profited more by unregulated trade with us than the other.

Charles: At least we seem to have a definite issue at this point. It appears that Governor Landon would maintain the

policy which the United States has followed in the past, and that President Roosevelt supports the neutrality legislation which was enacted last year. Apparently, he would go even farther than the present law does in changing our neutrality policy. Both President Roosevelt and Governor Landon believe in maintaining what they regard as essential American rights, but they differ as to how our rights should be defined. President Roosevelt thinks that American interests would best be served if Americans should not undertake to sell munitions to countries which are fighting, and if they should not sell abnormal quantities of any kind of goods to belligerents. Governor Landon thinks that we should not commit ourselves in advance to such a policy. He thinks that American interests could best be served if we insisted upon trading in the usual way.

At any rate, such is the interpretation which I place upon the speech which Governor Landon made and upon the acts and speeches of President Roosevelt. It is clear, therefore, that there is a sharp and very important issue relative to foreign relations in the present campaign. It is not a party issue in the sense that the Republican party takes one position and the Democratic party another. The issue cuts across party lines. There is little doubt, however, that there is an issue between the two candidates for the presidency.

Germans will not be allowed to read any books but those written by Hitlerite authors, the president of the Reich chamber of literature announced on October 25. Booksellers who try to "dictate" to the people by offering them other books will be eliminated, while "loving force" is to be used to take National Socialist books to the people, the announcement said.

THE POWER ISSUE

(Concluded from page 8)

Ownership," by Carl D. Thompson. Crowell, New York. A challenging appeal for government ownership. (e) "The Fallacy of Government Ownership," by Clarence R. Wharton. An equally challenging defense of private utilities. Published by the Bureau of Public School Interests. University of Texas, Austin. (f) "Government Ownership of Power Utilities," *Congressional Digest*, October 1934. This issue of the *Digest* gives the pros and cons on the power question. (g) For recent magazine articles on the electric dispute, students should refer to *The Reader's Guide to Periodical Literature*. (h) By writing to the Edison Electric Institute, 420 Lexington Avenue, New York, students may obtain material in favor of private ownership of utilities. (i) For material in favor of government ownership, write to the Public Ownership League of America, 127 N. Dearborn Street, Chicago.

SOMETHING TO THINK ABOUT

1. What is meant by the "yardstick" and "birch rod" power policy of the Roosevelt administration? Do you believe it offers a satisfactory solution to the power question?
2. Does the power policy of the present administration contemplate complete government ownership of all electric utilities in the country?
3. What are the dangers of the government's present power policy, in the opinion of its opponents?
4. Explain the internal conflicts in France with respect to foreign policy. Which course do you think France should follow?
5. What are some of the accomplishments of the Popular Front government of France, and what are some of the dangers confronting it?
6. Account for the fact that France has not enjoyed the degree of recovery of other leading nations.
7. What is the essential difference in foreign policy between the present administration and that proposed by Governor Landon? With which do you agree?
8. "If Jefferson's form of society had developed in this country, great industries would have been impossible." Explain that statement.
9. How does the British civil service differ from the American, and what proposals for change in our system have been made?
10. What factor in Indian politics strengthens the case against separation from Great Britain?

PRONUNCIATIONS: Caballero (kah-bah-yay'ro), Leon Blum (lay'on bloom), Degrelle (duh'grel, e as in bell), Croix de Feu (crwah duh fuh, u as in hum), Doriot (do'ree-o, o as in go), Francois de la Rocque (frahnh-swah duh lah rok, o as in sort).



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GRAND COULEE

Work is being pushed on a huge federal power project on the Columbia River in Washington.

High Schools of Nation Debate Question of Power Ownership

(Continued from page 1)

partial effect only in the Tennessee Valley where the government, under the TVA, is actually engaged in the business of generating electricity and selling it to municipal power companies. But it is known that the President has in mind similar projects in other parts of the country. Preliminary plans have already been laid for a Columbia Valley Authority in the northwest, for a Mississippi Valley Authority, extending from the Canadian border to the Gulf of Mexico, and perhaps for similar great governmental projects in other natural basins. Work has already begun on a number of dams, such as the Grand Coulee in Washington, and Bonneville in Oregon, both on the Columbia River, to name two of the more important. The President is anxious to secure ratification of the St. Lawrence Waterways treaty with Canada, so that work may begin on that project. Then there is the giant Boulder Dam in Nevada which, although not a New Deal project, enables the government to carry out its power program in another part of the country.

It should be pointed out that the federal government did not begin generating electricity for sale with the Roosevelt administration. Prior to 1933, the government was, in several parts of the country, manufacturing electric power from dams it had constructed. But in all cases, the sale of electricity was not the main purpose of the government. It was an incidental operation, incidental to flood control and irrigation, which were considered the main purpose of the government's activity. With the TVA and similar projects, however, the generation of electricity is the main purpose, with flood control and irrigation and soil conservation and the improvement of navigation as the incidental features. Thus there has been a sharp break with past policy, and it is precisely this break that has given rise to the power issue in its present form.

For Government Operation

The position of those who accept the principal objectives of the Roosevelt program is clear enough. They believe that the United States has failed to take full advantage of its electric resources because of the operation methods of private utility companies. They have refused to reduce the rates, and consequently many people are deprived of the benefits that come from electricity. Since government regulation has failed to make possible a wider distribution and more extensive use of electricity, the government must itself come into the field. It is competition with private business, to be sure, but competition which benefits the whole country. Moreover, the great sources of hydroelectric power should belong to the whole people and not to a few private companies, unless those com-

panies will work for the benefit of all.

That a policy of government operation will force the private companies to lower their rates, whereas mere regulation will not suffice, is argued from the results of the Tennessee Valley experiment. Within a year after the TVA was organized, nearly all the private companies in the region had reduced their rates substantially. In each case, the sales of electricity increased markedly, much more than the national average. Many of the companies enjoyed greater profits than ever before. Moreover, supporters of the government's program point to the increased consumption of electricity throughout the nation during the last three years and they attribute it directly to the "yardstick" and "birch rod" policies. Between 1932 and 1936, there was a substantial reduction in electric rates throughout the country and the average consumption increased markedly. The total output for 1935 was much greater than even in 1929. Without the aggressive policy of the government, it is argued, these gains would have been impossible.

For Wider Use

It is argued further that the government is in a better position to develop the electrical resources of the great water basins of the country than are the private companies. Since utility companies generally form monopolies, they would exploit the water resources primarily for their own purposes. Their rates would not be low enough to benefit all the people of the regions, especially where population is scattered. The mere fact that private ownership has furnished electricity to only 850,000 of the nation's 6,800,000 farms is regarded as proof of this fact. Under government ownership, widespread use, even in remote sections, is made possible.

Those who oppose the program upon which the government has embarked—and they include many persons in addition to those who are directly or indirectly connected with the electric utility companies—see a great danger in the present trend. By going directly into the electrical business, they say, the government is violating the very foundational principles of private initiative on which our economic system has been built. Government ownership of public utilities is socialism, and if it starts in one direction it will continue in many others. There are other public utilities, besides electric power. What assurance have we, it is asked, that the government will not seek to take over the telephone systems, the telegraph companies, the railroads, radio, and other industries which are regarded as public utilities?

The next logical step in this process, it is charged, will be taking over all the coal mines of the country by the govern-

ment. At present, about four-fifths of all electric generating plants are operated by steam, and steam power comes from coal. Thus, the government must control this source of electricity if it is to be consistent in its policy. And from the coal mines it would step into other fields. Moreover, it is contended, if the government becomes the principal distributor of electric power, it is in a position to dictate to its customers, many of whom will be great industries. In this way, it would hold a whip over the head of all American industry by threatening to use its control of electricity as a weapon to force industry into line with governmental policy.

Government Advantages

A further argument against government ownership is that the government enjoys an unfair advantage in competing with private companies. Whereas a private electric company is forced to defray all its expenses out of income, the government can use the taxpayers' money for this purpose. It can force electric rates so low as to run the private companies out of business by selling its electricity below the costs of production, and the financial burden will be thrown upon the shoulders of the taxpayers. This position was clearly stated by the late Thomas A. Edison when he declared, "When the government goes into business it can always shift its losses to the taxpayers. If it goes into the power business it can pretend to sell cheap power and then cover up its losses."

While supporters of the government's program contend that the reduction of rates and the greater use of electricity has been the direct result of the "yardstick" idea, private companies refuse to accept this view. In their opinion, rates have been gradually going down and the use of electricity has become more widespread year after year. If rates are still too high in certain places, or if companies refuse to lower them when they are in a position to do so, the remedy is not government competition, but more rigid regulation by the public utility commissions of the various states and even by the federal government. In this way, the same end would be reached without embarking upon socialism and without the enormous public expenditure involved in government ownership.

In the past, one of the principal arguments against government ownership has been the damage that it would do to investors in private utility stocks and bonds. Some 12 billion dollars are invested in the electric industry. Widows and orphans, charitable institutions, banks and insurance companies, hospitals, and dozens of other organizations all depend, to a large extent, for their livelihood upon the income they derive from the electric companies. If the government pushed these concerns into bankruptcy, these investments would be lost and untold suffering would result. To this charge the answer is made that the government would take over no private utility property without paying the investors the full value of their holdings.

Then, there is the common fear of political control, should the government enter the electric field on a larger scale. Politics would run wild, it is charged, just as politics is rampant in the administration of all public agencies. Persons would be appointed to fill high positions for political purposes

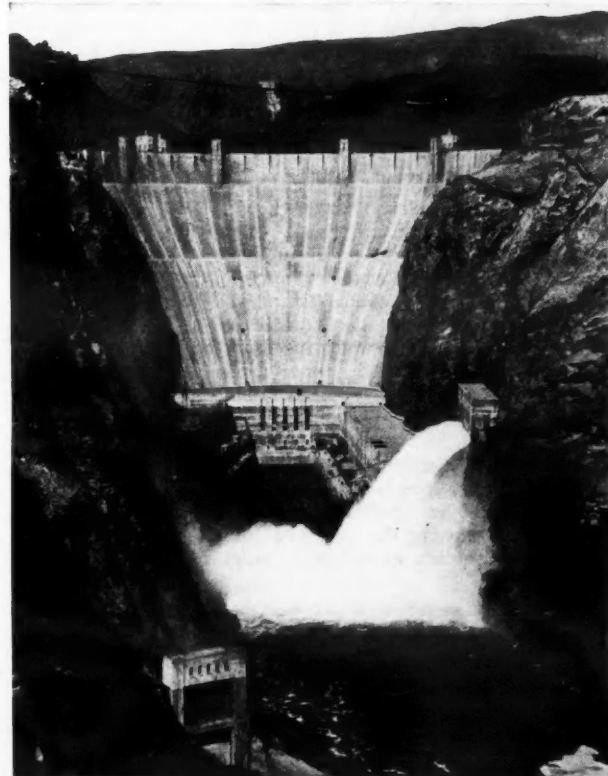
and not for any particular ability they might have. There would be waste and extravagance, and the efficiency with which private business is conducted would become a thing of the past.

We have been able here to give only the bare outlines of the most important arguments on both sides of this momentous question. There is considerable difference of opinion as to the actual facts in a number of points at issue. Private companies, for example, insist that government ownership does not result in a net saving to the consumer, since losses can be covered up and made up by taxes. As for the electric plants owned by cities compared with those owned by private companies, the figures are not at all conclusive. In certain parts of the country, public-owned companies charge lower rates, whereas in other regions, the private companies have the lower rates. The Federal Trade Commission has made a fairly exhaustive study of this phase of the subject. It pointed out that in New England and the Pacific states, the rates of municipal utilities, with very few exceptions, were lower than those of private utilities. On the other hand, in the South Atlantic states, in communities of up to 25,000 population, the rates of private companies were lower than those of municipal companies. In some other sections, the same was found to be the case.

Further Reading

Since this issue is likely to come to the fore in a dramatic form before many months have passed, it is essential that all the facts and arguments be carefully studied before definite conclusions are reached. Future governmental policy will certainly be greatly influenced by the results of the experiment now being conducted in the Tennessee Valley, which has not yet gone forward sufficiently to warrant final judgments. For the benefit of those of our readers who would make more thorough studies of this problem, we are including the following list of references, which present the different points of view:

REFERENCES: (a) "Electric Utilities," edited by Bower Aly. This is a specially prepared handbook on utilities for high school debaters. It may be secured from Professor Aly, University of Missouri, Columbia, Missouri. (b) "Government Ownership of Power and Light Utilities," by C. A. Duval. University of Texas Bulletin No. 3438, 1934. It outlines the main issues involved in the power controversy and reprints selected articles for and against public ownership. Write to the Bureau of Public School Interests, University of Texas, Austin. Its price is 25 cents. (c) "Public Utilities and the People," by William A. Prendergast. A well-rounded volume on this whole question. It is published by D. Appleton-Century Company, New York. \$3. (d) "Public" (Concluded on page 7, column 4)



—U. S. Bureau Reclamation

BOULDER
Boulder Dam, begun in the Hoover administration and completed in the Roosevelt administration, is now producing electric power.